

Detroit News

May 2, 2006

New fuel rules for cars on fast track

Transport exec will try to help sell House panel on Bush plan to up standard; Mich. lawmakers are wary.

David Shepardson / Detroit News Washington Bureau

WASHINGTON -- President Bush's proposal to boost federal fuel economy standards for passenger cars is on a fast track, with the House Energy and Commerce Committee set to weigh the measure this week amid rising oil prices.

U.S. Transportation Secretary Norman Mineta will testify Wednesday in support of the administration's request to increase the standard for the first time in two decades.

According to a three-page draft of the bill obtained by The News, it would essentially use the same language Congress adopted to regulate light trucks and allow for annual fuel economy increases; the Corporate Average Fuel Economy standard for passenger cars has remained at 27.5 miles per gallon for years -- and today the industry is averaging 29 miles per gallon.

"Each standard shall be the maximum feasible average fuel economy level that the Secretary decides the manufacturers can achieve in that model year," the draft bill says.

Under the bill, automakers would be required to provide vehicle engineering specifications, product forecasts and future product lineups to help federal regulators determine how high fuel economy standards should rise.

The measure doesn't change the 18-month lead time that allows manufacturers to implement improvements -- meaning no changes could take place until at least the 2009 model year.

The Transportation Department would have to begin the rulemaking process within one year of the bill's passage.

In March, the National Highway Traffic Safety Administration increased light-truck fuel economy targets from 21.6 miles per gallon to 24 -- a move that will save 11 billion gallons of gasoline when implemented.

Michigan lawmakers are noncommittal on the newest bill, and automakers have offered tepid support -- a sign that the administration's proposal might be the best chance to head off more restrictive measures.

Chris Preuss, a General Motors spokesman, said the company will work with the administration and "see where the legislation goes."

"CAFE has always been a challenge for the industry and really hasn't done anything to reduce our dependence on foreign oil," Preuss said. "We think working on alternative fuel solutions is the best place for the policy discussions."

U.S. Rep. John Dingell, D-Dearborn, said the Republican chairman of the committee "has indicated he's going to hurry the bill."

Dingell said a panicky Congress is looking for quick-fixes to counter mounting oil prices -- noting that any increase in fuel economy is years away and has no bearing on today's gas prices.

"The oil companies are making record profits. The auto companies are hurting. Why do you want to kick the guy who's down?" Dingell said.

A bad bill "has a potential for increasing fuel usage. It has the real potential for job losses in the Detroit area. It has real potential for plant closings and for driving jobs overseas if it's not correctly done.... This is a dangerous time for the auto industry," he said.

A stronger bill -- opposed by automakers and introduced by Rep. Sherwood Boehlert, R-N.Y. -- would require that the average fuel economy achieved by automobiles manufactured by 2015 be at least 33 miles per gallon. That bill has 70 co-sponsors.

Environmental advocates say automakers have the technical ability to raise fuel economy levels and said the federal government didn't go far enough in raising standards for SUV's, pickup trucks and minivans last month.

Ten states, including California and New York, plan to file suit this week to force the administration to toughen mileage regulations for sport utility vehicles and other trucks. The suit contends that the administration did not do a rigorous enough analysis of the environmental benefits of fuel economy regulations. The suit will also claim that the government did not consider the impact of gasoline consumption on climate change when devising the new rules.

David Friedman, research director for the Clean Vehicles Program of the Union of Concerned Scientists, doubts the administration will require a stiff increase in fuel economy standards for cars.

"Even after two major hurricanes rocked the world in terms of the oil supply, the president didn't ask anything of the automakers," Friedman said.

"Is the president really going to take the initiative to help relieve consumer's pain at the pump by significantly raising standards?"

U.S. Sen. Carl Levin, D-Detroit, declined to say whether he supported the bill, saying he would review the bill "to ensure that it would reduce our dependence on foreign oil and reduce our greenhouse gas emissions but do so in a way that would not harm our domestic manufacturing industries."

U.S. Sen. Debbie Stabenow, D-Lansing, said the current system "should be reformed."

To ease the sting of higher gas prices, Stabenow has called for a one-time, \$500 per person tax rebate for people earning up to \$119,950 annually. It would be paid for by rolling back \$5 billion in tax breaks for oil companies.

Some Republicans want a \$100-per person-rebate. Neither proposal would require workers prove that they are actually using gasoline to get the refund.

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